

Message Text

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ACTION EUR-12

INFO OCT-01 NEA-10 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00
CIEP-01 COME-00 DODE-00 EB-08 FPC-01 H-01 INR-07
INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06
OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-07 FEA-01 PA-01
PRS-01 /113 W

-----240206 015851 /70

R 231703Z FEB 77

FM AMEMBASSY ROME

TO SECSTATE WASHDC 2933

INFO AMEMBASSY PARIS

AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY TEHRAN

AMCONSUL DAHRAN

AMEMBASSY JIDDA

USMISSION EC BRUSSELS

USMISSION OECD PARIS

USMISSION NATO

C O N F I D E N T I A L ROME 2892

E.O. 11652: GDS

TAGS: ENRG, IT, SA

SUBJECT: SAUDI ARABIAN OIL FOR ITALY: MOSTLY UNCONFIRMED

SUMMARY: DESPITE MUCH SPECULATION IN PRESS AND ELSEWHERE,
REPORTS THAT ITALY WILL RECEIVE SUBSTANTIAL SHARE OF SAUDI
ADDITIONAL CRUDE PRODUCTION ARE UNCONFIRMED BY ITALIAN SOURCES.
END SUMMARY.

1. WHETHER OR NOT ITALY WILL RECEIVE ADDITIONAL SAUDI "LOW-
PRICED" CRUDE AND IF SO, HOW MUCH AND WHEN, HAS BEEN THEME OF
RECURRING INTEREST AND MUCH SPECULATION SINCE TWO-TIER PRICE
DECISION WAS REACHED AT DOHA. SUCH SPECULATION HAS BEEN NURTURED
BY "BUSINESS WEEK" ARTICLE STATING THAT ITALY'S STATE-OWNED
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HYDROCARBONS ENTITY ENI WILL BE ONE OF FOUR COMPANIES TO RECEIVE
FAVORED TREATMENT IN ASSIGNMENT OF SAUDI ARABIAN INCREASED PRODUCTION
AND BY NEWS REPORTS, GENERALLY ORIGINATING FROM MIDDLE EASTERN
SOURCES, DESCRIBING PURPORTED SAUDI DESIRES TO FAVOR ITALY. THIS
MAY VERY WELL BE, BUT ACCORDING TO EMBASSY SOURCES, FEW FIRM
ARRANGMENTS OR CONTACTS HAVE BEEN MADE THUS FAR.

2. BOTH ENI AND CHEVRON (STANDARD OIL OF CALIFORNIA, WHICH, ACCORDING TO BUSINESS WEEK, IS ARAMCO (CHANNEL TO ENI) SOURCES CONSULTED BY EMBASSY INDICATED THAT NO RPT NO FORMAL PROPOSALS HAD BEEN SET OUT FOR CINSIDERATION. ENI SOURCE ACKNOWLEDGED THAT ENI HAD MADE PRELIMINARY CONTACTS WITH PETROMIN WHICH HAD NOT (AS OF FEB. 9) PRODUCED A CONCRETE OFFER. ENI, OF COURSE, WAS INTERESTED AND WOULD ATTEMPT TO KEEP IN TOUCH WITH SAUDI ARABIAN SOURCES. CHEVRON ITALIANA PRESIDENT TOLD EMBOFF FEB. 22 THAT DESPITE RUMORS THAT CHEVRON IS "DESIGNATED COMPANY" FOR ENI, NO RPT NO INSTRUCTIONS HAD YET BEEN ISSUED BY PETROMIN OR OTHER SAUDI AUTHORITIES TO CHEVRON MANAGEMENT RE AMOUNTS, DATES OR PROCEDURES. HE DOWNPLAYED IMPORTANCE OF SAUDI OFFER, NOTING THAT INCREASING SAUDI PRODUCTION, WHICH DEPENDED IN TURN ON OPERATING CONDITIONS AND WEATHER IN THE GULF. HE CONFIRMED THAT ADVERSE CONDITIONS HAD PREVENTED INCREASED SAUDI EXPORTS IN JANUARY AND FEBRUARY. IN ANY CASE, SOURCE DOWNPLAYED IMPACT SAUDI EXPORTS WOULD HAVE ON ITALIAN SITUATION (ITALY IMPORTS APPROXIMATELY 1.8-2.0 MMB/D), ASSUMING THAT SAUDI PRODUCTION WOULD INCREASE FROM 9 MMB/D TO 10-11 MMB/D (WHICH HE DOUBTED) AND ITALY RECEIVED ONE-FOURTH (OR 250-500MB/D). COMMENT: WE ARE LESS DISPOSED TO DISCOUNT POTENTIAL BENEFITS OF ANY EVENTUAL SAUDI OFFER. EVERY LITTLE BIT HELPS. END COMMENT.

3. ONLY CONCRETE SAUDI ACTION VIS A VIS ITALY THUS FAR IS PETROMIN'S AGREEMENT TO SUPPLY ITALIAN CHEMICAL PRODUCER MONTEDISON THROUGH ARAMCO-MOBIL WITH 2.5 MILLION M.T. PER YEAR, AS REPORTED ITALIAN PRESS AND CONFIRMED IN CONVERSATION BETWEEN ECMIN AND MONTEDISON'S DIRECTOR FOR EXTERNAL AFFAIRS RATTI. CHEVRON SOURCE NOTED THAT MONTEDISON ALREADY RECEIVES 4.5 MILLION M.T./YEAR FROM SAUDI ARABIA THROUGH CHEVRON. MOBIL ITALIANA OFFICIALS COULD NOT CONFIDENTIAL

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CONFIRM CONTRACT BUT POINTED OUT THAT DECISION WOULD BE MADE IN NEW YORK.

4. COMMENT: GOI MINISTER OF FOREIGN TRADE OSSOLA IS PRESENTLY IN JIDDA DISCUSSING INTER ALIA WITH THE SAG THE POSSIBILITY THAT ITALY WILL RECEIVE GREATER AMOUNTS OF SAUDI CRUDE. IF HE HAS SUCCEEDED THUS FAR -- AND CHEVRON SOURCE BELIEVED IT LIKELY THAT ITALY WOULD EVENTUALLY RECEIVE SOME ADDITIONAL SAUDI CRUDE -- IT HAS NOT YET BEEN REPORTED IN ITALIAN PRESS. NEEDLESS TO SAY, ITALY IS AWAITING OUTCOME WITH CONSIDERABLE INTEREST.BEAUDRY

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, SALES, INDUSTRIAL PRODUCTION, CONSUMPTION, PRESS COMMENTS, ALLEGATIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 23-Feb-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977ROME02892
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
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Format: TEL
From: ROME
Handling Restrictions: n/a
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Legacy Key: link1977/newtext/t19770217/aaaaapcg.tel
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Litigation History:
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Office: ACTION EUR
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Original Previous Handling Restrictions: n/a
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Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 10-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
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Secure: OPEN
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Subject: SAUDI ARABIAN OIL FOR ITALY: MOSTLY UNCONFIRMED SUMMARY: DESPITE MUCH SPECULATION IN PRESS AND ELSEWHERE, REPORTS THAT ITALY WILL RECEIVE SUBSTANTIAL SHARE
TAGS: ENRG, IT, SA
To: STATE
Type: TE
vdkgvkey: odbc://SAS/SAS.dbo.SAS_Docs/402761c0-c288-dd11-92da-001cc4696bcc
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